

A. J. K. ...

A DEFENCE OF CANADA'S WHEAT POOL

A Reply to Gampell



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CALGARY, ALBERTA
FEBRUARY, 1931

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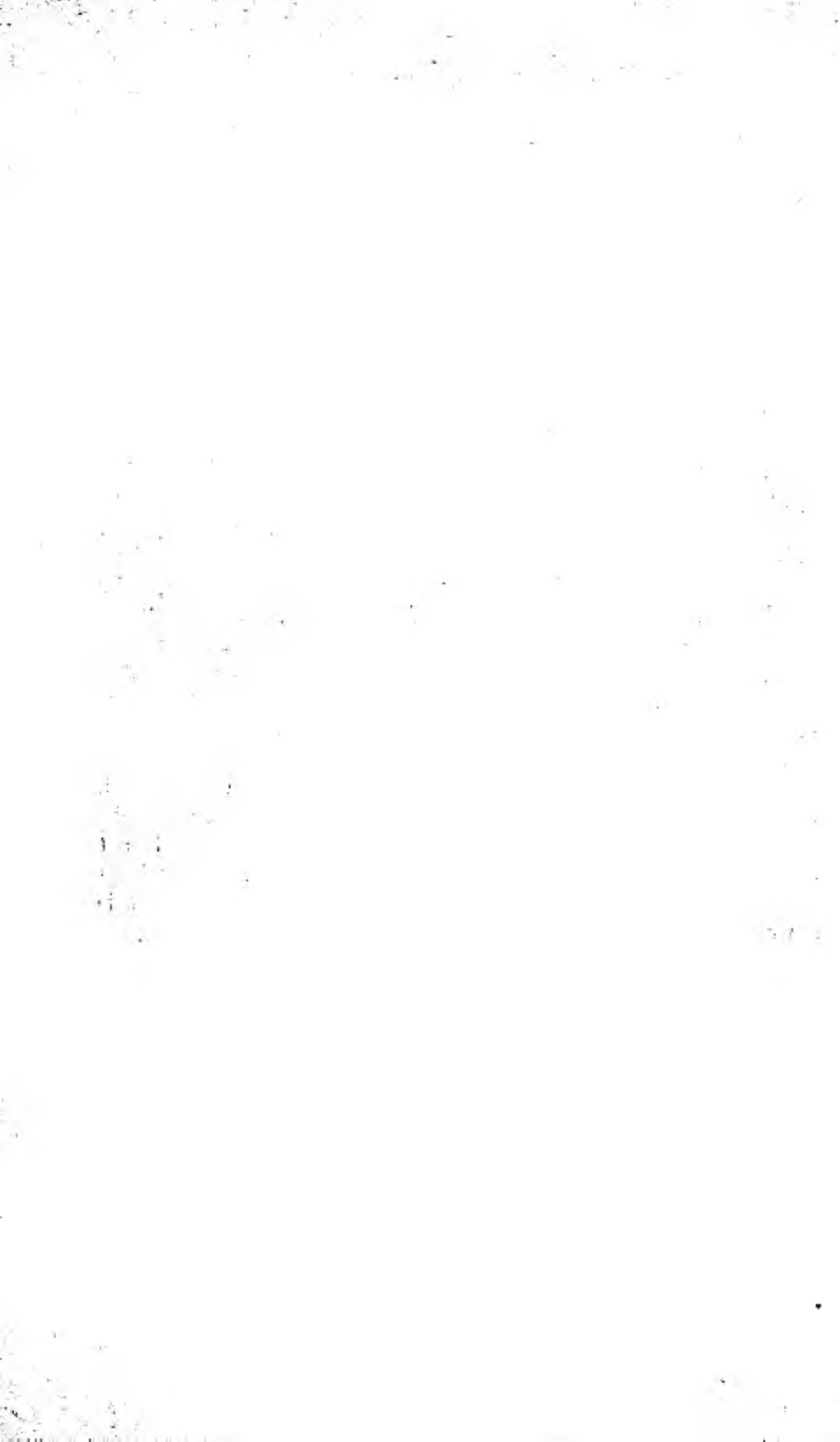
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PREFACE

A pamphlet entitled "Canada and Her Wheat Pool," by Mr. Sydney S. Gampell has been distributed gratis by the grain trade throughout Canada to farmers, business men, elevator agents, public officials of all types, school teachers, educational institutions and other bodies which have an influence in moulding public opinion. The contents of the pamphlet were first printed in "The Grain Trade News" of Winnipeg, Manitoba (the official organ of the grain trade) in nine articles, the first of which appeared a few days after the contents of the full nine (56 closely printed pages in pamphlet form) were alleged to have been delivered as one lecture by Mr. Gampell in London, England. The pamphlet is a bitter, prejudiced and grossly unfair attack on the Wheat Pool, containing many obvious misrepresentations. It is the Pool's policy not to initiate any controversies with the trade but to act only on the defensive. In response to numerous requests from members of the Alberta Wheat Pool and the general public this reply is submitted.

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FEBRUARY, 1901



Introduction

The introduction to Mr Campbell's pamphlet is written by the editor of the *Grain Trade News*, the official organ of the private grain trade in Winnipeg, who states, "Mr Sydney H Campbell, M. Sc. Torb., is a well known economist and statistician in London, England, and a leading authority on statistics on commodities, cotton, grain, etc." The truth of the matter is Mr Campbell was never heard of in Western Canada until his name was associated with the grain trade's most recent attack upon the Canadian Wheat Pool. A great many people have asked who Mr Campbell is. Typical of these enquiries is the following quotation from a letter received recently from one of the world's leading agricultural economists and at present chief of the Department of Agricultural Economics of a large United States University: "Who is Sydney H Campbell of London? I note he has delivered a series of lectures on the grain trade at the City of London College. I have been asked about him and although I see he is described as a 'well known economist and statistician' I have had to confess that I have not heard about him before." A number of enquiries have been addressed to parties both in Europe and America who are very familiar with all work being done in economics and statistics on commodities and invariably the reply has been, "We have never heard of H. H. Campbell and are unaware of any contributions he may have made to the field." Quite recently, however, it was discovered by accident who Mr Campbell is. He is a very young man who recently took a course in commerce at a college in England similar to ours and given to many thousands of students every year in the United States and Canada, and is now making his living at a desk in a small grain office in London serving his services to a few grain traders. One of the leading Canadian banks also has been getting its information on grain from Mr Campbell.

Speaking at Regina on December 30, 1930, the Rt. Hon. H. B. Bennett, Premier of Canada, said in part:

"In passing, may I say that I do not think it is quite fair to blame the Wheat Pool for not having anticipated last year's crop when prices were high. In October, 1929, is its more fully commercial letter one of the great Canadian banks delivered. It will be necessary to the present statistical position of the world wheat situation if at the end of the current season Canada is not rendered with her using the wheat policy in having refused to sell freely during the last two months."

"In the same week Mr E. W. Beatty, president of the Canadian Pacific Railway Company, on his return from a western inspection trip, was interviewed by the *Parade Club*, and in such interview it was stated that information was sought as to whether the Wheat Pool performance largely comprised of men of less than national repute are supported by the advice and experience of the Province's financial leaders. Mr Beatty, not quoting from *The Globe*, with assurance. It is a perfectly natural controversy and grows out of a difference of opinion as to the value of the wheat and the ultimate selling price. Mr Beatty's statement seemed very frank. But you can easily assume that the Pool is getting the

advice and support of our banking institutions in its efforts to market the wheat profitably and speedily."

"I mention that because I have observed a tendency to blame the western farmers for existing conditions, saying he should have sold his 1929 crop before he did. I do not see other reasons. I do not know those who are listening to tonight may hear me because it is said 'a crowd of western friends' that a man's business is being shown the west and that there should be allowed to pursue their own course and direct their own efforts. I have read them as facts to indicate that in dealing with them that we they follow the advice of those whom we regard as the west and have ourselves in the country. I do not see the reason because having and because of the country and realizing the importance of the welfare of our people of wheat for it is an asset to be charged against the Wheat Pool the blame for the conditions that now exist in the depression of the wheat industry."

The first quotation cited by Hon. Mr. Bennett is from the October 1929, monthly commercial letter of a large Canadian bank which as stated previously had the benefit of Mr. Campell's services. In the same report the economists of the bank state in part: "The rapidity with which the wheat crop has moved into domestic storage and the large visible world supply should not have had any marked effect upon prices for it should have been kept in mind by all exporting countries that the stocks held the world over and the crops now growing in the Southern Hemisphere constitute the basis of the world's supply that must last until next summer and that this supply is the lowest since 1924." We do not know for sure if the information upon which these conclusions were based was supplied to the bank by Mr. Campell but we do know that in the same paragraph the bank credits Mr. Campell with supplying very "bullish" information regarding the Southern Hemisphere and immediately thereafter in the same paragraph completes its analysis with the conclusions cited by Premier Bennett.

The consensus of opinion of unbiased students is that the private grain trade and their special machinery the world over are rapidly disintegrating under the inevitable process of centralized marketing and centralized buying of most agricultural products in conformity with the natural evolution of all industries toward more and more economic collective action.

The private grain trade in Canada recognizes the trend of events and are staging a fight against it using all the means in their power, including large sums of money every medium of distributing propaganda, and of course the services of special planners like Messrs. Mansford Evans, Dawson Richardson and Major Strange. The private grain trade in the United States is waging a similar war against co-operatives in that country their weapons being almost unlimited money strong allies such as the U. S. Chamber of Commerce and, of course, their fastidious propagandist, Professor Boyle.

A similar war is being carried on in Europe by British grain traders in a vain attempt to ward off their rapid disintegration and

inevitable extinction. The weapons of war in Great Britain are more subtle, but in essence the same—well-financed publicity campaigns (including much humbug about increased tariffs and other restrictions being retaliation against the Pool) and of course the full use of the services of individuals such as Mr. Broomhall and the British prototype on a smaller scale of Prof. Boyle—Mr. Gampell—who assume a false air of impartiality but who are in reality men who make their living from the private grain trade and who are better enemies of co-operatives.

In an official circular announcing an evening short course on "The Grain Trade," the City of London College states that the course is arranged under the supervision of the College Grain Advisory Committee. Little is known in Canada about a number of the members on the committee, but all those of whom we have any knowledge are bitter opponents of the Pool. A very prominent member of the committee is Sir Herbert Robson, the well-known London and Liverpool wheat trader, also a director of the Baltic Mercantile and Shipping Exchange, Ltd., and an out-spoken enemy of the Pool. Another prominent member of the committee is Sir Walter Roffay, also a wheat trader and an ex-president of the London Corn Trade Association. The chairman and senior vice-chairman of the London Corn Trade Association are both members of the committee. The Baltic Exchange in London corresponds to the Winnipeg Grain Exchange and of course is part and parcel of the London Corn Trade Association. Those who believe that the lectures delivered by Mr. Gampell under the inspiration and guidance of the above mentioned suspects (not to mention the assistance received from the grain trade in Canada) constitute a fair presentation of the Pool case will be interested to know that when the Central Selling Agency, upon the occasion of the opening of the London Office a few years ago, applied for membership in the Baltic Exchange, the officials of the Exchange bluntly stated that they had no use for the Pool and flatly rejected its application for membership.

In a special cable to the *Manitoba Free Press* from London, England, of October 23, 1930 date, Henry Sommerville, special correspondent, gives a column report of Mr. S. S. Gampell's address. The concluding paragraphs are as follows:

"Mr. Gampell greatly impressed his audience by his lucidity and his command of figures, but his authority was somewhat discounted by the answer he gave to a question. He was asked what was the cost to the Canadian farmer of growing a bushel of wheat. He answered six cents. The audience could not believe their ears.

"Dr. Humphries, well-known as an agricultural expert, rose and said he had been studying Canadian figures and in pool literature average cost was 78 cents. In good years he showed that on this basis a good producer with a 200-acre farm got a gross income of only three pounds ten shillings a week. 'That presents a awful problem,' said Dr. Humphries.

"Mr. Gampell replied that the cost per bushel varied enormously, according to the yield per acre. His figure of six cents was based on experiment at some college farm, and he proceeded to say that 200-acre farms were uneconomical and must give way to mechanized agriculture."

Mr. Gampell in trying to "save his face," enters into a wordy and involved discussion of this "six cent" answer in the foreword to his pamphlet. Readers can form their own opinion after reading the report and the attempt at explanation

Historical Background of the Canadian Wheat Pool

Mr. Gampell's lecture is divided into nine sections with the following headings:

- (1) Development of grain production in Western Canada and of the Canadian Wheat Pool.
- (2) Orderly Marketing
- (3) Juggling with the Carryover
- (4) Argentine Competition with Canadian Wheat
- (5) Stabilization and Speculation.
- (6) Aspects of Control
- (7) International Repercussions of the "Control" Fallacy
- (8) Outguessing the World.
- (9) The Magnitude of the Failure to Date.

There is a great deal of repetition throughout the pamphlet whole paragraphs are reproduced almost verbatim in two or three different sections and in many cases the author's conclusions precede his analyses. For instance, in the first section he states, without giving a word of evidence "I think it right and necessary to inform you that all these aims and methods are mythical. Orderly marketing is certainly a fallacy; stabilization is very definitely not in the farmers' interests; if it alleged control is no control at all, and any attempt to turn it into a genuine control would result, and to a very large extent has already resulted, in self-destruction." For the sake of clearness and brevity this reply to Mr. Gampell is divided into the nine sections which he uses to develop his arguments.

Mr. Gampell states at the beginning of his lecture that he wishes to give the Pool "sympathetic consideration" yet the only part of his pamphlet which is not offensive to any unbiased student is found in the first few pages where he deals with the early struggles of the western farmers to get some measure of justice from the private grain trade. But even here, instead of "sympathetic consideration," we find that the real nature of the farmers' grievances are minimized.

Mr. Gampell cites at least nine glaring abuses of the private trade, namely: country elevator monopoly; restriction of platform shipments; excessive dockage; unjust grading; improper outturn standards; lack of competition in street prices; abuse of allotment of cars; struggle for recognition in the terminal markets and the expulsion of the farmers' company from the Winnipeg Grain Exchange. We will not, therefore, quarrel very violently with his statement of the farmers' early struggles. The most authoritative works on this period of the farmers' movement are Patton's "Grain Growers Co-operation in Western Canada," published by Harvard University; Wood's "History of Farmers' Movement in Canada," Booth's "Co-operative Marketing of Grain in Western Canada," published by the United States Department of Agriculture, or Mackintosh's "Agricultural Co-operation in Western Canada,"

terminal elevators. Through their efforts, supported by the Wheat Pools, the mixing of grain in terminal elevators has been brought under a substantial measure of control. The Royal Grain Enquiry Commission reported: "It is clear that the practice of mixing, generally speaking, results in the entire crop going overseas at or near the minimum of the grade." As a result of this opinion, and as a result of the persistent efforts of organized farmers, and as a result of their experience in the terminal market for a period of six years, the Canada Grain Act has been revised in a manner which practically prohibits the mixing of grain in terminal elevators and the result will naturally be that the purchaser of Canadian wheat will not receive the minimum of the grade, but rather the full value of the grade. This important reform fought to the last ditch by the private grain trade, practically sets a new standard for the quality of grain exported from Canada with benefits accruing to the producer and to the importer as well.

We have cited these matters to show that the farmer has been amply justified in continuing his efforts in the terminal market, and to demonstrate that his efforts in that market have shown larger returns than did any reforms brought about in the country sphere. It is inconceivable in the face of the past experience of the Canadian farmer and regardless of what direction future marketing activities may be, that he will ever return to the private grain trade.

The unfairness and the unreasonableness of Mr. Campbell's article is evidenced in his approach to the present situation in Western Canada. In Table I, Page 12, Mr. Campbell analyzes the Canadian grain situation in terms of certain eras extending from 1914 to 1930. The period from 1914 to 1918 is described as a "Period of Wartime Prosperity." 1920 to 1923 "Period of World Deflation, Discontent in Canada, and Clamour for renewed Compulsory Pool." The period from 1924 to 1928 is described as follows: "Inauguration of the Canadian Wheat Pool in three provinces coinciding in time with recovery in European purchasing power, mainly due to the Dawes plan and renewal of U. S. lending. Period of prosperity in Canada, good crop yields there coinciding with partial failures in quantity or quality in other countries." Note well that Mr. Campbell explains the wheat situation from 1914 to 1928 in terms of world events and world conditions. And further, that the Pool years from 1924 to 1928 were accounted for entirely by a favorable international situation.

Dealing with 1929 and 1930, Mr. Campbell uses five words: "Commencement of period of difficulty." Note well that he makes no mention of the various factors which have created a world-wide economic crisis during the past fifteen months. Had Mr. Campbell had the remotest interest in being fair, he would have qualified his analysis of the past year by giving attention to the following facts, which were outlined in detail by Mr. A. J. McPhail, president of the Canadian Wheat Pool on his return from Europe a year ago:

(1) The tremendous world wheat production in 1924 amounting to over 450 million bushels more than the average world production for the five year period 1921-27.

(2) Two fresh European crops in 1928 and 1929 amounting to 167 and 223 million bushels more than the 1921-27 average.

(3) The enormous European crops of 1928 and 1929 both of which were much above average quantity coupled with the extraordinarily large imports in 1928 due to a crop scare and anticipated tariff increases, enabled Europe to reduce her imports in 1929-30 from an average 1921-7 of 633 to 490 million bushels.

(4) Economic depression in Europe as a result of post-war conditions, the restriction of credit by the United States and other leading countries, and the crash in the American stock markets in 1929 which greatly reduced basic values the world over.

(5) General increase in European tariffs and governmental restrictions against imported wheat which materially reduced the use of foreign grains in several large importing countries.

These important contributing factors to the 'period of difficulty' described by Mr. Gampell he laconically ignores in his analysis, hoping to leave the impression that the Post alone is responsible for the present ruinous condition of agriculture in Western Canada.

Farmers in Western Canada will be interested in the following quotation from Mr. Gampell's article: "The European war superseded in 1914 and for reasons which are well known those farmers who stayed on the prairies made very considerable profits."

This insinuation is ill founded because the profitability of wheat farming can only be determined in relation to the prices of commodities with the farmer has to buy. Chart No. 1 on page 42 illustrates the trend of agricultural prices in Western Canada since 1913 and the trend of the price level of manufactured goods over the same period. The chart clearly illustrates that although wheat prices were relatively high from 1914 to 1924 the prices of manufactured goods were equally high and the Canadian farmer during that period did little better than maintain his own position, let alone make the handsome profits ascribed by Mr. Gampell.

Right here it may be timely to recall that Canadian farmers submitted to a fixed price for their wheat during the critical part of the Great War when the urgent need for food for the Allied Nations presented a strong possibility that prices under free marketing would soar to a very much higher figure than the one fixed. There were no "lectures" given at the City of London College in those years ridiculing the ineffectual efforts of Canadian farmers to improve their lot by organization and making fun of their supposed lack of culture. When Argentina placed an embargo on the export of wheat during the war the Canadian farmer was a hero in Great Britain. He stepped into the breach, accepted a greatly reduced price from what conditions might reasonably have warranted and supplied food by the millions of tons, thus acting in averting starvation and possibly defeat to the Allied Cause.

Orderly Marketing

Under the heading of "Orderly Marketing" the trade "interpreter" commences his argument thus: "For years before the Pool was thought of the world's grain trade was practically the world's best example of orderly marketing." He then quotes Professor Boyle to the effect that for the five crop years 1918-22 wheat exports from the four leading exporting countries were remarkably even during each four month period. Figures and statements of Mr. Hammett of the United States Department of Commerce are then cited to show that despite the fact that 75 per cent of the world's crop is gathered in the three months of June, July and August the average quarterly shipments of wheat from the seaboard are remarkably uniform. From these quotations the "well known economist and statistician" immediately draws the following conclusion: "It follows clearly from that authoritative statement that the bulk of farmers' shipments in the post harvest quarter was not disorderly marketing. Far from being disorderly marketing it is a good example of sound economic marketing." He then goes on to intimate a lacunae and does not follow even remotely let alone clearly from the figures or statements quoted from Messrs. Boyle and Hammett.

It is true that prior to the organization of the Pool the movement of wheat in international trade was fairly uniform on the average from quarter to quarter, but what consideration is that to the farmers of grain to sell their wheat as soon as it was threshed? The Pool never attempted to make any drastic change in the average rate of flow of wheat from exporting countries. But it did attempt, and in a comparatively brief period succeeded to see that the fruits of orderly exports were reflected to its members rather than to those who put behind the farmers' wheat buying periods of price depressions resulting in momentary and very heavy losses, and short selling or "bear" speculations.

Mr. Campbell then takes the Pool to task for not carrying out what he falsely states is one of its aims, namely a uniform flow of wheat from month to month from the farmers to country stations. He states: "I have to inform you that the Pool has at no time attempted any even month's marketing of its portion of the Canadian crop such as the theory presupposed. Farmers delivered to the Pool in the season 1927-28 a total 210 million bushels of which 170 million bushels or 81 per cent were delivered in the five months October-February." The obvious answer of course is that delivering grain to the country elevator is not marketing but merely warehousing. Prior to the Pool the majority of farmers sold their grain when they delivered it at the country station but now delivery of Pool grain at the shipping point is merely a step in the production warehousing process and is not marketing in any sense of the word. Had Mr. Campbell any real knowledge of conditions in Western Canada or the aims or objects

of the Pool he would know. (1) That the Pool never attempted to equalize country deliveries from month to month. (2) That the President of the Pool and other officials publicly disclaimed several years ago and many times since any attempt to prevent the rapid delivery of grain in the autumn months as they realized that the movement was in some ways advantageous. (3) That during recent years deliveries have been materially heavier in the autumn months than formerly partly due to Pool owned elevator facilities but principally due to the greatly increased use of trucks and combines and better roads.

Mr. Campbell states that the average November price of No. 1 Northern wheat at Winnipeg during the five pre-war seasons was 81 cents and the May price 97 cents and then proceeds to dogmatize as follows: "The physical volume of receipts at country points is one of the least important factors in the wheat market. If you will take certain periods of exceptionally heavy country receipts I am quite sure you will find that the price was rising during those heavy receipts quite as often as it was falling. It would be interesting to know how the trader's 'lecturer' would reconcile the above statement with representations of a most daily occurrence in the autumn market to wit such as: "Market reacted today on hedging pressure," or "Market continues to sag due to heavy country receipts," or "We'll demand another 10c to absorb offerings," the market closed weak at the low for the day." Admitting that when the Pool was in the process of organization some enthusiastic speakers exaggerated the importance of the spread in prices between periods of heavy and light country receipts but such utterances constitute no argument against the ordinary condition which exists in that if you offer to sell people much more than they wish to buy you cannot sell in excess of their requirements without taking a serious loss in price. If, but not less for the same marketing of over half of Canada's crop in a conference with supply and demand factors during the past few years, the greatly increased concentration of deliveries during the fall months would undoubtedly have proven to be a much worse price depressing factor than it was. The only evidence Mr. Campbell cites in support of his contention that the volume of receipts at country points is one of the least important factors in the wheat market is that during the five pre-war years the Winnipeg price of wheat in May was only six cents greater than in November. Everybody knows that conditions in Western Canada have completely changed since 1918-19 and that conclusions based upon conditions then have little or no application today. In the first place Canada grew only a fraction of the wheat then which she grows now. In the second place, speculation had not assumed anything like the alarming proportions then that it has recently and consequently price variations were much less violent than at present. In the third place farm deliveries prior to the war were much more evenly distributed throughout the year than in recent years.

If heavy deliveries do not depress prices how does Mr. Campbell explain the fact that during the five year period 1923-24 to 1927-28

the average Winnipeg price of No. 1 Northern wheat during the three heavy delivery months of September-November was \$1.35½ compared with \$1.43½ during December-February, \$1.45½ during March-May and \$1.42½ during June-August. Had the Pool not consistently practiced orderly marketing during these years and had it not refused to add to the hedging pressure by selling to speculators during the heavy delivery period the large proportion of its receipts which it could not sell to consumers, the price of wheat during September-November would have averaged a good deal more than 13 cents per bushel under the June-August prices. Incidentally, the above figures explain how the Pool was able to pay its members in every one of the years (1923-24 to 1927-28) considerably more than the average price received by the non-Pool farmers.

In the last few years there has been a tremendous increase in the rate of early deliveries, accompanied by a tremendous drop in prices, as clearly shown by charts 2, 3 and 4 on pages 42, 43 and 44. We especially commend these charts to the attention of Mr. Campbell and others who think heavy deliveries if sold at the time of delivery (as they were in pre-Pool days and still are to a very large extent by non-Pool farmers, do not depress prices.

Mr. Campbell next complains that the Pool failed to sell one-twelfth of their receipts each month. In the first place, the Pool never set out to do any such thing. Dr. H. W. Wood, president of the Alberta Wheat Pool and vice-president of the Canadian Wheat Pool in February, 1926, speaking at a Pool conference in St. Paul said, "You do not need brains, you do not need intelligence, you do not need anything at all, if you are going to say we are going to sell to the buyers of the world just so much of our wheat during each month, you just have to deliver it over to the market at the price offered." After condemning the Pool for not carrying out a policy which it never advocated, Mr. Campbell says, "For that matter, the idea of selling one-twelfth of the surplus in each month of the crop year would raise prices, always was nonsense." Which, of course, is precisely what Dr. Wood said six years previously.

Mr. Campbell winds up his discussion of orderly marketing by saying that the only sense in which the term has a real meaning is with reference to an even flow of wheat to the consumer, with which definition not only the Pool's theory but actual practice of orderly marketing is wholly in accord. This is irrefutably proven by the fact that on the average during the five crop years 1925-26 to 1929-30 the Pool sold 31.4 per cent of its receipts during the first quarter of the year and 22.1, 24.3 and 22.2 per cent during the second, third and fourth quarters respectively. Had Mr. Campbell made any attempt to give a fair presentation of the case he would have cited the above facts.

For Mr. Campbell's edification we commend to his further "sympathetic consideration" the following quotation from "Wheat

Pool Lectures" an official publication of the Alberta Wheat Pool issued early in 1927.

"Orderly marketing, properly interpreted, means selling in accordance with the conditions of the market. Both the conditions of supply and the conditions of demand must be considered. The conditions of supply and demand are constantly changing. An orderly marketing program, therefore, is not a fixed and rigid one. On the contrary, it is extremely elastic. The main duty of those responsible for carrying out an orderly marketing program is to maintain a proper balance between the forces of demand and the forces of supply.

"To attempt to follow the conception of orderly marketing prevalent in some circles and sell an approximately equal amount of wheat each week or each month would be the blindest sort of folly. It would mean placing ourselves in the power of the buyers of our wheat. It would mean foregoing good prices when the demand for our wheat was brisk, and selling too much when the demand was dull and prices low, which would make prices still lower. It would mean sending buyers to competing countries for their supplies when the consumers wanted more Canadian wheat than the 'weekly quota.' It would mean a repetition of the serious mistake made by some co-operative associations. It would mean lower prices and lower returns to our members.

"There are times of the year when the demand for Canadian wheat is much greater than at other times, consequently it is to our advantage to sell more at these times and less when the demand is slack. The aim of the Canadian Pool is to regulate its sales strictly in accordance with the conditions of demand and the conditions of supply, to prevent the fall of prices due to the market being over-supplied. The market is supplied with our wheat in amounts varying from time to time depending upon the demand and the total amount of wheat to be sold."

Juggling with the Carryover

Under the dramatic heading of "Juggling With The Carryover" the trade's small but propagandist introduction has third man indictment against the Fund as follows:

"It was certainly intended that large amounts of wheat should be withheld from the market during a season of large crop and low world prices in order to be added to the crop of next year. Nothing of the kind was ever intended but any such policy was pursued and we defy the grain trade and their numerous hostile opponents of evidence in support of their contention. Farmers need their money too much to maintain such policy and the farmers of the Fund as being farmers are very far from aware of the fact. Of course Mr. Campbell knows very well and has ample evidence to prove that it is neither Fund policy nor Fund practice to withhold large amounts of wheat. He has read the W. 25 Annual Report of the London Selling Agency which states in part: 'But going back last year it was of the comparative value of the crop and the possibility of a high quality crop being harvested was to keep well stocked up. Nothing happened during the year to make us alter the policy and as a result we got on the new crop year with no carryover.' He has also read the Central Selling Agency's 1924-25 Annual Report which states in part: 'Again over the marketing period under review have been remarks and reports as to some of the extreme conditions of the world's markets we have had to contend with. The carryover is the result of a superabundance of supplies which could not be placed into adequate channels without depressing the world markets. These figures should go far to show the enormous importance on which calculated that our policy was to build up supplies. We were faced this year with the problem of selling into a competitive channel a surplus surplus of wheat each market day.'

Having reviewed the Wheat Fund with what he knew perfectly well has never been its policy Mr. Campbell sets forth to knock down his straw man. We agree that under normal circumstances carryovers should be kept as low as possible and the Fund has done everything in its power to do so. Had the trade's propagandist in treating the subject shown any signs of his alleged knowledge of economics and statistics or the remotest approach to his self-styled "desire to be scrupulously fair" we would simply say "we agree" and let it go at that. But when he resorts to such language as contained in the following quotations and to the obvious accompanying inferences we must reply: "You may be interested to know" states Mr. Campbell "that judging from an economic standpoint a better method of securing higher returns to the Canadian grower would be to sell his wheat immediately after harvest for what it will fetch, take the proceeds to Monte Carlo and gamble with it there rather than to carry over amounts into the next crop year. This for the very simple reason that the carrying over of grain for the year is not certain, but

on the contrary very expensive. A year's storage in Chicago, for instance costs about 50 cents per bushel, in Canada the cost is somewhat less—at a conservative estimate 15 cents per bushel. We do not know anything about the costs at Monte Carlo, but we do know that to infer as Mr. Campbell clearly does that it costs Pool farmers anything less than 15 cents to carry their wheat is deliberate misrepresentation or profound ignorance. During the five crop years 1924-25 to 1928-29 inclusive, the average total cost per year of carrying wheat at country elevators on the basis of the total handlings of each provincial pool was slightly less than 7-10 of a cent per bushel, in Manitoba slightly less than 9-10 of a cent per bushel in Saskatchewan and 4-5 of a cent per bushel in Alberta. During the same period the average total cost per year of carrying wheat in all positions, including all storage, insurance and interest charges, until sold by the Canadian Wheat Pool, on the basis of the total handlings of all three provincial pools, was 27-10 cents per bushel. Thus instead of Mr. Campbell's inferred carrying cost of 15 cents, the actual total cost to Pool farmers over a five year period averaged exactly 31 cents per bushel. Moreover, the bulk of the country carrying charges and a large part of the terminal storage charges were paid to Pool owned facilities, thereby enabling Pool elevators to return substantial dividends to members, which facilities must be maintained to handle the crop and which would be idle if not used for storage purposes.

Stocks of wheat in Canada, as at July 31st, grew steadily and rapidly for years before the Pool was organized. They rose from less than four million bushels in 1915 to over 45 million in 1924.

When he comes to placing the responsibility for the relatively large carryover of Canadian wheat during recent years Mr. Campbell leaves nothing to inference but bluntly states: "Now of course you all know that the Pool has largely increased the carryover of Canadian wheat and that accordingly the Canadian 1930 season starts its life under the most auspicious for very many years."

You may feel that all these objections to increasing the carryover have been invented by enemies of the Pool since the time when it became apparent that it was not good business. Now that is not the case. Mr. Campbell had access to all the data necessary to demonstrate that it certainly is the case.

POOL'S PROPORTION OF TOTAL CANADIAN CARRYOVER
1926-27-1929-30

July 31st	Total Carryover Canadian Wheat Millions of Bushels	Unsold Pool Wheat Millions of Bushels	Grain Trade Percentage of Carryover	Pool Percentage of Carryover	Percentage of crop marketed by Pool
1926	39	30	48.5	51.4	52.2
1927	53	30	26.4	73.6	53.1
1928	92	12	86.5	13.5	51.1
1929	127	52	59.0	41.0	51.3
1930	136	57	48.5	51.4	51.3
Total	441	190	55.0	45.0	51.6

As clearly demonstrated by the figures in the preceding table, the Pool has been responsible for a much smaller proportion of the Canadian carryover than the trade despite the fact that the trade have marketed in every year since 1924 less than half of the crop. Moreover the comparison in the table unfairly favours the trade in view of the fact that the Pool's selling year closes at August 31st, one full grain-growing month later than the date upon which the above percentages are based. However, as there are no official figures of the total wheat stocks available as at August 31st, it is not possible to make a complete comparison as at that date. But the fact that the Pool's August sales reduced its carryover, as shown above, from 20 to 11 millions in 1926, from 39 to 22 in 1927, from 12 to nothing in 1928, from 52 to 44 in 1929 and from 67 to 43 in 1930, should convince even Mr. Campbell that by far the largest part of the Canadian carryover was held by the trade. In the light of these facts the "lecturers" remark that "There ought to be no competition on the part of commercial grain traders to deprive the Pool of its privilege of holding the bag of the carryover" is not very appropriate.

Of course Mr. Campbell knows perfectly well that the sharp upward trend in the carryovers of exporting countries during recent years is not due to the marketing policy of the Pool or any other organization but to several well-known causes. The principal ones were: 1. Sharp upward trend in wheat acreage in exporting countries. 2. Moderate upward trend in wheat yields in a number of importing countries due primarily to above average climatic conditions but partly to improved methods of cultivation, the use of better seed and more fertilizer. 3. Inability of the world to consume the wheat produced partly a. due to many drastic artificial restrictions which greatly enhanced the price of wheat in a number of important consuming countries. 4. Centralization of wheat buying the world over resulted in a few hand-to-mouth buying parties in place of purchasing as formerly considerable quantities for future requirements. These changes have of course forced the exporting countries, whether they liked it or not, to carry the wheat they produced in excess of immediate consumptive requirements as so clearly shown by the following table:

The July stocks of Wheat in the Four Leading Exporting Countries Expressed as a Percentage of Their Total Crop.

Crop of	Canada	United States	Argentina	Australia
	July wheat stocks as percent of total crop			
1923	8.6	20.7	26.6	20.4
1924	9.5	15.6	29.3	21.3
1925	8.1	15.9	32.4	26.1
1926	11.0	15.9	28.1	22.1
1927	16.3	16.2	31.0	33.6
1928	18.8	28.2	35.0	26.1
1929	37.1	34.1	40.0	41.3

A remarkable illustration of Mr. Campbell's misrepresentation is found in his analysis of the barley situation in Canada. He endeavours to substantiate his argument that the Pool has contributed largely to the wheat surplus in Canada by the statement

that the Pool is responsible also for the large stocks of barley in Canada following the 1928-29 season. He states:—

"As a result of the small export business, Canada finished the crop season 1928-29 with a record carry-over of barley, the amount including Canadian bonded in the United States, being thirteen million bushels against three million bushels one year earlier. Now the price of No. 3 Canada Western barley at THE TIME WHEN THE THIRTEEN MILLION BUSHELS WOULD PRESUMABLY HAVE BEEN MARKETED IN THE ABSENCE OF THE POOL, namely, between November 1928, and February, 1929, ranged from sixty-eight cents per bushel average in November to seventy-eight cents per bushel average in February, or seventy-three cents a bushel, averaged over the normal marketing period. Why that price should have been considered low passes ordinary comprehension. Nevertheless, the Pool considered it low and that considerable quantity was carried over."

Note.—The Pool received for all its 1928-29 barley receipts a gross price of 72½ cents per bushel.

Now, what are the facts? The Pool carryover of barley at the end of the 1928-29 season was 1,693,000 bushels, all of which was sold within the next sixty days. This leaves a balance of over eleven million bushels of barley in the hands of the private grain trade and carried over by the private grain trade at the end of the 1928-29 crop year. In other words, the private grain trade carried over approximately eight times as much barley as did the Canadian Wheat Pool. Mr. Gampell states further:

"Since total Canadian exports of barley 1929-30 have been about 3,000,000 bushels and since that carryover of 1928 barley was 13,000,000 bushels, it is reasonable to suppose that the bulk of that thirteen is still there. The average price of No. 3 Canadian Western barley in July 1930, was 38 cents per bushel, a figure which barely covers carrying charges, insurance and interest, for the 18 or 20 months for which it has been carried."

Since the Pool was only interested in this huge stock of barley to the extent of 1,693,000 bushels, in August, 1929, and since the Pool had no direct interest in this stock of barley after October, 1929, the dire consequence stated by Mr. Gampell was a responsibility for the private grain trade instead of a problem for the Pool.

(6) European wheat stocks at the beginning of the 1929-30 crop year were of record size due to:

(a) Two successive crops far above average in both quantity and quality

(b) Exceptionally heavy imports in the latter part of the 1928-29 crop year, partly due to the low prices relative to previous years which prevailed but largely owing to the widespread opinion in fact conviction that as a result of the unprecedented cold winter of 1928-29 Europe would have a short crop, and also to anticipated sharp increases in tariffs

(7) The more important countries of Continental Europe did not want and would not take imported wheat in any quantity at any price as they were busily engaged in raising tariffs enacting drastic milling regulations and heavily subsidizing exports of wheat and coarse grains in order to raise their internal price of wheat well above the Liverpool level and thus protect their producers. Mr. Broomhall gives direct shipments of wheat to the Continent during August-December 1929 at only 71 million bushels compared to 148 million bushels during the corresponding period in the previous year

(8) The Argentine had a freak wheat crop in 1928 of 350 million bushels or 120 million bushels above her average crop during 1923-27. Moreover she held at the beginning of the 1929-30 Canadian crop year 128 million bushels available for export compared to 61 million the average during 1923-27. In addition no one had any idea how large the Argentine crop was. Mr. Broomhall's estimate was 312 million bushels. The Central Selling Agency closed its Argentine office on February 8, 1929, as follows:

"United States Department Agriculture now forecasts Argentine wheat crop much smaller than our estimate. Our estimate probably also too high. Mr. John Brown & Co. New York & Boston Bank estimate two eighty million. What you think these estimates."

Mr. Jackman, Argentine representative of the Central Selling Agency, replied as follows:

"Think estimates quoted all too low. United States Department method ignores very important factor our improved seed and some important one of more efficient machinery also less than average damage heavy yields and heavy natural weight grain support this maintain my previous estimate 312 million bushels"

In the face of these facts Mr. Campbell has the audacity to imply that the British grain trade knew the true size of the Argentine crop shortly after it started to move to market

(9) The Argentine exceeded all previous records for putting wheat afloat unsold. Is it any wonder the British grain traders speak well of the Argentine exporters or that Mr. Broomhall speaks, with obvious satisfaction, of the Argentines as "great sellers"?

(10) As the tens of millions of bushels of unsold Argentine wheat neared Europe the more important Continental countries said with a united voice, "We have had an abnormally large crop of unequal quality wheat a very early harvest and, due to early

heavy deliveries, coupled with burdensome stocks of native and imported 1928 wheat, our prices are falling rapidly and our producers suffering, therefore we are going to keep "distressed" wheat away from our shores." Britain did not follow this attitude and as a result vast quantities of "bargain" wheat continued to pour into that country glutting the storage and, of course demoralizing prices.

(11) During the first four months of the 1929-30 crop year Argentine wheat sold in Liverpool for 27 cents per bushel less than No. 3 Northern Manitoba or 25 cents per bushel below its normal parity.

(12) Is not that enough? More could be said on the point but as we go on we might fail to practice restraint and find ourselves making use, with appropriate modifications, of part of the vocabulary of this gentleman who states he is "scrupulously fair" and is administering "sympathetic consideration" when he speaks of the Canadian farmers as "abysmally ignorant" of their leaders and employees as "demagogues" or "liars" and of their Pool as a "dead dog" which has set up an unbeatable record for "ignorance and ill-advisedness" and practiced a short-sighted policy, such as no man may controvert.

We commend to Mr. Campbell's attention the following editorial which appeared in the January, 1931 issue of the "Canadian Milling and Grain Journal," and also chart No. 5 on page 45.

"Further mutterings and misleading statements that can be traced to nowhere, and, which gather strength and honest but misguided believers on every repetition, can do more damage in commercial conflict than any frontal attack for they undermine and weaken, in a way against which their objective is defenceless.

"To any one who pauses to think the thought of stabilizing the Pool must seem a nonsense, and we have only to turn to the Argentine to realize its full absurdity.

"It will be recalled that following the garnering of Canada's bumper crop in 1928 Argentine wheat was taken by British buyers in preference to Canadian. Reliable reports indicated that the chief reason for this was the fact that the former was purchased at 15 to 25 cents a bushel under the quotations listed on the latter. At all events the Argentine crop seems to have been disposed of while millions of bushels were held over in Canada. Grain trade forces and those who oppose the Canadian Pool naturally took advantage of the situation and earned on a cunning and at times entirely false propaganda with the object of convincing the world that the Pools were in some far or much Canadian wheat remaining unsold. They actually sold nothing about the 45 or 50 per cent over which the pools had no control much of which also remained unsold.

"How did Argentina fare after the selling of this wheat at bargain prices?

"Times have been bad the world over. They are bad in Canada where wheat was not sold as fast as it might have been. They are bad in countries where no wheat is grown.

"Many thought that Argentina had done marvelously well to undersell Canadian wheat and thus get rid of her crop. She has since been commended highly on her selling policy. Up until recently nothing has been heard of the results of this price-slashing on the producers of the grain. However, it is worth noting that the rural population of Argentina are facing the

worst crisis in their history. Why? Because the return to the producers has been made as to them and has forced them into dire poverty and in many cases bankruptcy. These same producers after playing a revolution a month or so ago and forcing their feelings on their government have now on the new government with an agricultural program which includes a Wheat Pool. They are not in sympathy of the open market as most people in Canada. It is not strange that the farmers in Western Canada are being urged to abandon their Pool and go back to the old system while in other countries the farmers are denouncing the old system and demanding pools.

A further significant commentary upon conditions in the Argentine is contained in an Associated Press despatch February 21st, 1931 and published in the *Manitoba Free Press* on February 21st, 1931:

ARGENTINA IS GOING INTO GRAIN BUSINESS

Government Plans to Free Farmers of Impediments of Foreign Export Firms
Associated Press Despatch

NEW YORK, Feb. 5. A special cable to the New York Times from Buenos Aires says:

The provincial government is going into the grain business in an effort to free Argentine farmers of the impediment of foreign export firms which have a monopoly of the export business from Argentina. The question of foreign export has been raised by the Argentine legislative representatives in Great Britain, France, Germany, Italy, Holland and Belgium to visit Buenos Aires to sell their Argentine wheat to be shipped direct to them by the Argentine government without the intervention of middlemen.

The government believes that the present unsatisfactory situation in the wheat market here is due to the domination of foreign exporters and to export as it they have forced prices below the already unprofitable levels. It aims to prove that the depressed exchange value of Argentine currency and heavy taxes on wheat make it possible for diplomats to get wheat orders if they ask them energetically, as they have been instructed to do.

(See Chart No. 5 on page 45.)

In case anyone still considers as sound Mr. Campbell's contention that Canada could have exported a great deal more wheat in the early months of 1929-30 by competing with the Argentine, we cite the following quotation from an address delivered by Dr. Joseph H. Davis at a joint meeting of the American Economic and American Farm Economics Association during their annual meeting in Cleveland, Ohio, December 1930. Dr. Davis is a director of the Food Research Institute, one of the principal contributors to "Wheat Studies" and is at present on leave of absence from Stanford University to serve as chief economist for the Federal Farm Board. As Mr. Campbell speaks of the work of the Food Research Institute in terms of the highest praise, he will surely accept the conclusions of one of its three directors and one of its principal economists.

"In October, 1929, certain loan reforms were adopted with respect to wheat and corn in that and into major stabilization operations, the outcome of which was to regulate an exorbitant. However, however, no action had been taken. In our judgment there is no doubt that radical declines in wheat and cotton prices would have taken place then, instead of now, that these declines would have been credited with heavy responsibility for the stock market crash, severe breaks in commodity prices in general, and

extreme business depression. The actions taken did not prevent these disasters, but had the Board not acted, it would have suffered even weightier condemnation for merely standing by.

be laid to its charge.

pressed into export to fall to exceptional disaster. In the fall of 1929 huge supplies of Argentine

Farm Board's operations in comparable periods

would farmers have been better off?

Stabilization and Speculation

We wish to treat Mr. Campbell's arguments in a dispassionate manner and wish our members to read and judge for themselves the pamphlet he has written for the grain trade. When farmers come to read his remarks under the heading of 'Stabilization and Speculation' we venture the opinion that their feelings will be something akin to what they were recently when they read the featured press announcement that the big guns who lead the speculators in the Chicago pit were on their way to Winnipeg because the C. N. Government acting in the farmers' and public's interest, would not let them have their own way.

Mr. Campbell first cites the preamble of the Ford contract to the effect that one of the Fords aims is to minimize speculation and to bring about more stability, and then without a single why sets these objections as both necessary, laudable and have cost the Canadian farmer a great deal. If there be a farmer reader who up to this point has doubts concerning the matter which inspired Mr. Campbell's lecture, let him ponder over the following quotation from the pen of the grain trader, "Notorious economist." The Ford Association was formed to bring about the system of marketing introduced in the Winnipeg Grain Exchange, a system which he stated had caused "Wrecking from the position of a farmer's willingness to something like the marketing of an inland empire." We can imagine the reaction of Alberta farmers to that inspiring and inspired passage!

Lecturing at greater length on speculation the trader star propagandist says: "Now there is no institution which is not able to speculate and probably the more beneficial institution is the one which is not able to speculate." The conclusion of the "lecture" is: "In any event you will perhaps agree a little earlier Mr. Campbell addressed his audience as one acquainted with the grain trade, 'that the aims of stabilization and eliminating speculation, while they may sound well on political platforms have singularly little to do with economics or with the problems of the Canadian farmer.' How any one with even the remotest knowledge of the wild orgy of speculation which swept the world in 1929 and the subsequent appalling widespread suffering which we are now facing can speak in such terms of speculation and lead it as a beneficent institution passes comprehension. We could quote leading financial authorities, the world's leading economists, the world's most famous bankers, finance ministers, prime ministers, returned magistrates and representatives of most industries and institutions to the effect that the chief contributing cause to the present acute and worldwide economic depression was the wild and speculative orgy of recent years, particularly 1929. But what would be the purpose in so doing, as there are few if any farmers who can not independently appreciate the value of Mr. Campbell's conclusions. It may or may not be true that years ago there was always a large sum of money backed by its owner's confidence

in higher prices, which would take up the slack and absorb farm marketings in excess of consumptive requirements and hold the same until required but there are no "mays" about the folly of every Tom Dick and Harry having bought wheat in the summer and autumn of 1929 and carrying prices far too high. Nor are there any "mays" or "perhaps" about the untold suffering produced in country homes in 1930 by speculators who thought wheat prices should be lower and sold wheat "short" to the tune of scores of millions of bushels in order to make them lower and thereby gain large profits. Ask any of the thousands of farmers who were "sold out" in 1929 and 1930 on the Winnipeg Grain Exchange and see if they think speculation is a beneficent institution. Or ask any disinterested person with a knowledge of grain markets if in his opinion, the most "heinous" feature in the fall of 1930 next to the Russian situation, was not the inability of the speculative system to absorb the hedging sales made during the period of heavy deliveries.

In this connection we wish to quote from "Survey of the Wheat Situation, August to November, 1930," published by the Food Research Institute in January, 1931. "In November, 1930, British pattern prices averaged lower than did the Liverpool price for red wheat of good average quality in any month from 1862 to 1929 with the exception of certain months in the years 1893-96." "One cannot escape the conclusion that the level of prices in August-November, 1930, was as low as it was partly because the disposition to hold wheat seems to have become notably weak in the past year or more."

Mr Gampell to the contrary notwithstanding, the farmers can rest assured that:

(1) Never was the institution of speculation more thoroughly discredited than it is today.

(2) With the centralization and hand-to-mouth buying now permanently followed by Europe, and the sporadic and violent nature of speculation in exporting countries, the farmer in the future will have to carry his own risk until his produce is consumed or pay an exorbitant toll to others to do it for him.

(3) Whatever can be said in favour of speculation in the old days when it was relatively steady and of moderate dimensions cannot be truthfully said today as the deplorable results of wild insane gambling and organized highly financed combinations of "short" sellers, etc., are too apparent on every hand.

(4) The farmer will never improve his economic conditions by turning his business over to Mr Gampell's "beneficent" institution of speculation. The cure for many of our economic ills is not less co-operation and more speculation, as the grain trade and Mr Gampell would have us believe, but in more and more co-operation and less and less speculation. And whether we like it or not, the so-called "good old days" when there was always supposed to be a lot of money backed by confidence which would

take care of the farmer and his produce until it was consumed are gone; the money is in "margins" in stocks and bonds or "on call" for speculators and the confidence is as likely as not to be in lower instead of higher prices and the money is not going to be diverted back to buy grain unless the probabilities are strongly in favour of large profits which, of course, is another way of saying high costs to the producers. And whether the grain trade and Mr. Gampell like it or not the farmers of Western Canada, in conformity with the present trend of all economic activities, are going to march towards more and more collective action and farther and farther away from the waste, inefficiency, injustice and exploitation of speculation and uncontrolled private trade.

Aspects of "Control"

Under this heading the trade's spokesman makes a feverish attempt to build up a case showing that the Pool directors and managers were so foolish as to think control of 51 per cent of the Canadian crop would give them the same control of the Canadian grain business as any shareholder would have over the affairs of a private stock company if he held 51 per cent of the voting shares. Having made this bald, impudent and factious assumption, he proceeds with an attempt to demonstrate that these same foolish and misguided directors thought they could and tried to control world prices by fixing up the wheat movement. Then it is alleged without demonstration that the Pool controlled world prices sufficiently to cause an increase in the wheat acreage of the Argentine of 22 per cent between 1923 and 1928, a 78 per cent increase in the Australian wheat acreage between 1923 and 1930, and a 24 per cent increase from 1929 to 1931 in the planted wheat acreage in Germany. Then he says the Pool's business about getting better prices than those received by the Argentine farmers for wheat of the same quantity must be one of the cruelest impostures on record."

After stating that largely as a result of increased prices due to Pool operations other countries increased their acreage by 22 to 78 per cent this famous authority says: "The astonishing thing is that the Pool ever imagined that it could secure control, although even that is not so astonishing as the fact that the movement has been taken seriously over here. Then immediately thereafter he says that as a result of artificially high prices created by the Pool the development of other sources of supply and the extent to which the Continent found substitution was truly amazing. "As to economy in use world wheat imports (excluding the U. K.) in 1929-30 were 44 per cent less than those of the previous season, although for the crops in importing countries were only 7 per cent greater than in 1928." How should we answer this man who says one thing in one breath and in the next fully contradicts himself? We will deal with his nonsense about the Pool being responsible for the acreage increases in other countries in the next section. As to his contention that the Pool was responsible for a 44 per cent decrease in Continental consumption in 1929-30 we quote the first sentence of *The World Wheat Situation 1929-30*, just published by Stanford University as follows: "Wheat consumption in the crop year 1929-30 seems to have fallen only a trifle below its line of post war trend." Mr. Campbell will surely accept this conclusion of the Food Research Institute as when citing the Institute as an authority for the statement that consumers should be provided as far as possible he stated: "AS YET PERHAPS KNOW THE FOOD RESEARCH INSTITUTE OF THE STANDARD UNIVERSITY OF CALIFORNIA ATTEMPTS TO JUDGE THESE MATTERS FROM THE MOST DISPASSIONATE STAND."

POINT POSSIBLE AND AVOIDS AT ALL COSTS THE USE OF EXTRAVAGANT LANGUAGE." With this appraisal of the Food Research Institute we heartily agree as we consider the contributions of that institution as the most valuable work ever done in the study of the wheat industry. In reply to the persistent contention of the grain trade and Mr. Gampeli that the Pool has held up the wheat movement we quote from Vol. VII. No. 2 of "Wheat Studies," (published by the Food Research Institute, December, 1930) as follows "The notion that the Canadian support of prices rested almost entirely on a holding policy of the Canadian Pool is largely, if not entirely erroneous." "IN 1927 AND 1928, YEAR END STOCKS HELD BY THE POOL WERE ONLY ABOUT ONE-THIRD OF TOTAL CANADIAN STOCKS WHICH IS PERHAPS LESS THAN MIGHT BE EXPECTED IN VIEW OF THE FACT THAT THE POOL HANDLED IN EACH YEAR ABOUT HALF OF THE WHEAT MOVED INTO COMMERCIAL CHANNELS." "IT IS CLEAR THAT FOR THE YEAR 1929-30 AS A WHOLE THE POOL CANNOT BE ALLEGED TO HAVE TAKEN LESS THAN ITS SHARE OF CANADIAN SALES OF WHEAT."

International Repercussion of the "Control" Fallacy

Under the above heading Mr. Campbell gives us a five page lecture on (1) how the Pool antagonized many European countries and caused them to raise their tariffs in some cases to more than 150 per cent *ad valorem*; (2) how the Pool brought about an enormous expansion in wheat acreage in Europe and the Southern Hemisphere and (3) how the Pool is responsible for an appalling reduction in the consumption of wheat. In case anyone thinks the above summary an exaggerated statement of Mr. Campbell's views we quote his own summary: "A Pool whose method of bettering the condition of its members has been to half their share in the world trade, pile up stocks four fold at enormous cost for less than no return, stimulate its competitors to increase their acreage by amounts like 22 per cent and 45 per cent, and its consumers to reduce their requirements by about 44 per cent, is clearly an authority on what constitutes short-sighted policy, such as no man may controvert."

We have already quoted the highly regarded Food Research Institute (an authority of world wide repute) to the effect that "wheat consumption in the crop years 1928-30 seems to have fallen only a little below its line of post war trend." The strategy taken care of Mr. Campbell's nonsense about a 44 per cent reduction in consumption.

The talk about the Pool antagonizing Europe was originally inspired by various champions of the grain trade notably Mr. Benjiford Evans of Winnipeg and the idea was nurtured on both sides of the Atlantic. Through clever publicity a great many people were actually led to believe that this antagonism really existed among the bread consuming people of Europe as well as among governments, consumers co-operatives, etc. instead of being confined solely to the grain trade. As a consequence to this carefully built up feeling Mr. John I. McFarland, general manager of the Central Selling Agency, on December 9, 1930, announced that the Pool had withdrawn its overseas direct representatives in the nature of an experiment "to demonstrate beyond possibility of doubt the truth or otherwise of the statement frequently made that the maintenance of direct representation overseas has militated against the sale of Canadian wheat."

The Pool's original idea in establishing the overseas offices was outlined simply and clearly by Mr. A. J. McPhail, president of the Canadian Wheat Pool, when speaking in April 1930 to the Young Men's Section of the Winnipeg Board of Trade when he said:

"It has been stated that the Pool's policy of establishing offices and agencies in foreign countries is an attempt to buy its wheat as near as practicable to the ultimate consumer. This resulted in antagonism in importing

Likewise, every student knows that the increase in the German wheat acreage during the past few years is due to

(1) The German people got sick and tired of dark bread during the Great War and in common with all the Scandinavians after the War Control was removed they consumed more and more wheat bread and less and less rye bread. The result was a big surplus of rye and extremely low rye prices.

(2) The very large areas of light soil in Germany suitable for rye production could not be readily turned to other uses so rye stocks kept on accumulating. To indicate how serious the problem is the German Government has spent to date over 35 million dollars to bolster up rye prices. The chief policy of the German Government to solve the rye problem is to make wheat growing sufficiently profitable so that a considerable part of the acreage formerly in rye will be diverted to wheat. All the political parties are agreed that there will be no reduction in the duty on foreign wheat as long as the domestic price of wheat does not range for some months above \$1.60 per bushel.

There is nothing but the very best of good-will towards the Canadian Wheat Pool among the consumers' co-operatives of Europe. In August 1920 the Canadian Wheat Pools were admitted to membership in the International Co-operative Alliance, a world-wide organization of consumers' co-operative societies having some 40 million members including the majority of co-operators in the English and Scottish societies. The Alliance is now busily engaged in assisting agricultural co-operative societies in Europe and asking them to follow the example of the Pool and join their fold. One of the most active branches of the League of Nations is the Division of Co-operative Marketing which is now under the able leadership of Mr. August Thomsen, the head of the International Labour Office is now busy helping in the organization and federation of European agricultural co-operatives and using the Canadian Wheat Pool as their model. The International Institute of Agriculture in Rome has been very busy for some time arranging a world wheat conference for 1922. What the officers of that Institution think of the Canadian Wheat Pool and to what extent similar Pools in other countries would help in solving the world-wide wheat problem is indicated in their repeated urgent invitations to the Pool's president, Mr. McPhail, to play the leading role in the conference.

If there were any truth in the statements that the Pool had, by putting its prices too high, antagonized European countries, one would naturally look for some action from the offended countries looking toward lower prices. Instead of that we find that every action they have taken has been to make wheat prices to their consumers higher (and very much higher) instead of lower. To those who are so glib as to accuse the grain trade's propaganda that the Pool has antagonized Europe by asking too much for Canadian wheat we commend the following table giving the monthly average prices of domestic wheat in Berlin, Germany.

Paris, France; Milan, Italy; and the price of No. 3 Canadian Northern in Liverpool during 1929-30 and 1930-31 to date:

THE MONTHLY AVERAGE PRICES OF DOMESTIC WHEAT IN 1929-30 AND 1930-31 TO DATE IN GERMANY, FRANCE, ITALY AND No. 3 NORTHERN AT LIVERPOOL

	No. 3 Northern at Liverpool		Germany		Italy		France	
	1929-30	1930-31	1929-30	1930-31	1929-30	1930-31	1929-30	1930-31
August	\$1.71	\$1.06	\$1.50	\$1.60	\$1.74		\$1.51	
September	1.60	.94	1.47	1.57	1.75	\$1.80	1.48	\$1.73
October	1.54	.88	1.50	1.48	1.84	1.75	1.45	1.73
November	1.44	.79	1.51	1.60	1.85	1.60	1.43	1.76
December	1.53	.76	1.67	1.61	1.90	1.52	1.41	1.76
January	1.51	—	1.60	—	1.94	—	1.40	
February	1.30		1.52		1.89		1.31	
March	1.21		1.55		1.86		1.37	
April	1.22		1.75		1.94		1.36	
May	1.21		1.87		1.96		1.31	
June	1.18		1.95		2.02		1.36	
July	1.07		1.87		1.77		1.66	

NOTE The quality of No. 3 Northern is very much superior to that of home grown wheat in Germany, Italy or France.

The average cash price of No. 1 Northern wheat in store at Fort William during December, 1930, was \$0.55 3-8 per bushel. During the same month the average prices of soft starchy domestic wheat in Germany, France and Italy, the quality of these wheats for bread baking purposes is certainly no better than No. 5 Canadian (wheat) were \$1.61, \$1.76 and \$1.52 respectively. And yet we are told Europe is angry at the Pool because we have been asking too much for our wheat!

Mr Gampell's contention that the Pool is responsible for the increased acreage in the Argentine and Australia is so ridiculous on the face of it that a reply is unnecessary. The close proximity of Argentine wheat lands to cheap water transportation, the suitable soil and climate, the enormous British investments in railroads, shipping and public utilities, the system of large land holdings and tenant farming, and, of course, the relatively good prices which prevailed during 1924 to 1927 all contributed to the 22 per cent increase in the Argentine's wheat acreage between 1923 to 1928, for which increase Mr Gampell holds the Canadian Pool almost solely responsible.

Similar reasons, coupled with the dire need of increasing exports to improve a precarious trade balance and bolster up a falling exchange rate, led to the waging of a very intensive and extensive patriotic campaign in Australia in the fall of 1929 for a large increase in the 1930 wheat acreage. Owing to the very severe summer drought in 1929 a large part of the wheat acreage of that year which would ordinarily have gone into summer fallow was sown, with little or no work owing to lack of growth due to drought, to wheat for the 1930 harvest. By picking out 1923 and 1930, the extreme low and extreme high years, Mr Gampell shows that

Australia's wheat acreage has been increased 78 per cent and with his usual generosity credits the Powl for having brought about the increase. The average wheat acreage in Australia in 1923-24 was 9,400,000 and in 1925-26 12,700,000. Due to very special circumstances the acreage was increased from 14,400,000 acres in 1928 to 18,200,000 in 1930. A very much smaller acreage in 1931 appears as a certainty.

So much propaganda has been distributed by the trade about the Powl antagonizing Europe that there is now a very general impression and unfortunately prevalent in many quarters which should know better that there has been an enormous expansion of wheat acreage in Europe and that Europe is rapidly becoming self-sufficing in wheat. The impression is wholly false. It is no exaggeration to say that not one important European country excepting Russia, has increased its acreage to any appreciable extent since the Canadian Powl commenced operations. Despite all Mr. Campbell's talk about Germany and despite the special conditions prevailing in that country (see previous discussion) the official estimate of the German wheat acreage in 1930 was only 4,780,000 compared to 4,620,000 the 1908-13 average and 6,000,000 the 1924-28 average. In Italy despite Mussolini's "Battle of Wheat" (which entailed the expenditure of millions of Government money on subsidies for machinery, fertilizer, land reclamation schemes, better seed, and a very extensive and intensive campaign of agricultural instruction and experimentation) and of course the raising of domestic prices far above the international level by artificial measures, the wheat acreage in 1930 was only 11,920,000 compared to 11,700,000 the 1908-13 average and 11,930,000 acres the 1924-28 average.

The 1930 wheat area in France was 12,900 compared to 13,300 the 1924-28 average and 16,500 million acres the 1908-13 average. In other words the decrease in the French wheat acreage since 1908-13 is more than seven times greater than the increase in both Germany and Italy.

Taking Europe ex Russia as a whole the much talked of big increase in wheat acreage is mythical. According to official statistics the total wheat area of Europe ex Russia in 1930 was 60,500,000 acres or only 95.5 per cent of the 1908-13 average of 72,800,000 acres. The wheat area of Europe ex Russia was 68,000,000 acres in 1925, the first year the Canadian Powl operated, 60,200,000 in 1926, 71,000,000 in 1927, 71,000,000 in 1928, 70,000,000 in 1929 and 69,500,000 in 1930. In other words the European wheat acreage in 1925 was 94.5 per cent of the 1908-13 average and in 1930 only 95.5 per cent of the 1908-13 average or an increase since the Powl started of precisely one per cent.

(See Chart VI on page 44.)

Almost as fallacious as the increased acreage propaganda is the view that Europe is rapidly becoming self-sufficing in wheat supplies. It is true that Europe imported only 684 million bushels

of wheat in 1929-30 compared to 813 million bushels per average annual imports during 1925-29 as figures from Mr. Brounhall. But it must be remembered that in 1929 Europe produced a wheat crop 221 million bushels above her 1925-27 average and in addition produced fresh enormous crops of corn, oats, potatoes, etc., and had a freak winterless winter in 1928-29 which greatly reduced the consumption of these crops. It should also be remembered that the quality of Europe's 1928 and 1929 wheat crops was distinctly above average, that the stocks of both domestic and imported wheat at the end of the 1928-29 crop year were extremely high and extremely low at the end of the 1929-30 crop year, and that a large part of the unprecedented heavy imports of 1928-29 were in reality consumed in 1929-30. Up to date January 17, 1931, during the crop year 1930-31 Europe has imported 208 million bushels which compares with 278 million the average imports during the corresponding period in the previous five years. What is equally important, owing to the unvaried quality of Canadian wheat, and to the Russian menace to Canada and her Pool have secured a large proportion of the total business. Mr. Brounhall estimates Europe's total requirements during 1930-31 at 608 million bushels or only a paltry five million bushels below her recorded average imports during the past five years.

The Food Research Institute in its review of the wheat situation during August-September, 1930, estimates that the world will export 825 million bushels during 1930-31 and adds that they believe their estimate to be on the low side. According to the Institute the average world net exports during 1925-27 were 792 million bushels.

Therefore, why all this talk about the Pool having put Canada out of the wheat export business by antagonizing Europe? Simply because the trade war is an opportunity to take advantage of the wheat and most wide spread economic depression the world has ever experienced to blame the Pool for all the farmers' troubles, and divert attention from their own.

In view of Mr. Campbell's contentions that the Pool, by raising the price of wheat, has decreased consumption by 44 per cent and increased the Australian wheat average by 78 per cent, etc., the following quotation from the *London Times* of October 16, 1930, is of interest. Mr. H. H. Campbell continued yesterday his series of lectures at the City of London College on 'The Economics of the Grain Trade'. He said that the country was heavily indebted to the grain trade for the building up of almost every credit item of our inward exports—it was the foundation of such vastly important businesses as shipping, marine insurance and acceptance. The grain trade had a very proud record of service. In every season since decontrol our imported wheat supplies had averaged cheaper than the pre-War average in terms of the prices of other goods, and it was a grade that these imports must ultimately be paid for. It is not surprising that the grain trade in Winnipeg left this passage out of Mr. Campbell's lecture. The remainder of the *Times* article

reports statements by Mr. Gampell which are in "Canada and Her Wheat Pool." The above quotation from Mr. Gampell's unedited lecture is quite in accord with the philosophy of the grain trade. In a recent book entitled "Cheap Bread" Ronw Mcelwyn-Hughes voices that philosophy thus: "It is true that the Grain Exchanges do not protect the British farmer against world movements in price. To do so is no part of the functions of organizations whose major concern and the standard of whose success is the purchase of cheap wheat."

In case any further proof is needed to demonstrate that all this talk about the Pool antagonizing Europe is only 100 per cent "simon pure" propaganda, we submit the following tables

The Average Price of Bread in Great Britain (cents per four pound loaf all data from Ministry of Labour Gazette)

Year	Price	Year	Price	Year	Price	Year	Price
1914	11.4	1918	18.2	1922	19.8	1926	19.9
1915	13.6	1919	18.2	1923	17.7	1927	19.3
1916	16.6	1920	24.3	1924	18.0	1928	18.1
1917	20.2	1921	26.7	1925	20.5	1929	17.5
						1930	17.1

The average price of bread in Great Britain in 1914 was 11.4c as compared with an average of 18.7c during 1925-30.

As clearly shown in the above table bread prices in Great Britain have steadily although slowly declined since 1925. In view of Mr. Gampell's boast that in every year since 1920 the grain trade has bought Britain's wheat at below pre-war real prices a superficial glance at the above table clearly indicates that if such be the case the benefits of such cheap wheat were not passed on to the consumer.

Outguessing the World

Under this heading Mr. Campell's exhibition of antagonism excels all his previous contributions. We shall take up the most striking of his remarks in the order he gives them. In speaking of the Central Selling Agency crop reports he states they were none too easy to make any clear sense of because they were given in percentages of normal condition, which method of presentation, according to Mr. Campell, was previously unknown. The United States Department of Agriculture is recognized the world over for having by far the most accurate and most comprehensive crop reporting system in the world. The Crop Reporting Board of the United States Government have been issuing reports for many years in terms of percentages of normal condition. The Pool crop reports are based on the same method and in fact the Central Selling Agency, received very valuable assistance from the Chairman of the U. S. Crop Reporting Board and his staff when establishing its crop reporting system.

Mr. Campell then takes Mr. Melvor to task for stating in November, 1929, that "there is apparently no possibility of Russia becoming a factor in the export of wheat for some considerable time." Then he goes on to point out how much more the British grain trade knew about the Russian situation than Mr. Melvor's remark indicated. Mr. Campell then overworks his hind sight and boasts of what the British Grain Trade knew about Russia in the autumn of 1929. The leading Canadian bank referred to earlier in the pamphlet, in connection with the quotation cited from a recent address by Premier Bennett, which bank, as previously stated, has the benefit of Mr. Campell's services, received word in January, 1930, from their London consultant, that he had "independent statistical confirmation" that Russia had only 18 million bushels of spring seed grains and needed 110 million and that he considered "suggestions Russia possible important exporter this season ridiculous."

Mr. Campell then goes on to say, "There is not a jot of evidence to show that British traders were underestimating the Argentine 1928 crop."

As previously stated, Mr. Broomhall estimated the Argentine crop at 312 million bushels, and the crop turned out to be over 350 million. After censuring Mr. Melvor for neglecting to refer to Broomhall as Mister Broomhall, Mr. Campell goes on to spank Mr. Melvor for stating that Broomhall had an "importers bias" because he almost invariably underestimated importers requirements. Incidentally, Mr. Campell does not deny that Mr. Broomhall's estimates of importers requirements have been nearly always much too low. Mr. Broomhall's first estimate of world import requirements was 183 million bushels below actual net exports in 1923-24, 24 million too low in 1924-25, 70 million too

low in 1925-26 145 million too low in 1926-27 80 million too low in 1927-28 and 111 million too low in 1928-29. On February 4, 1931 Broomhall increased his estimate of world import requirements for 1930-31 from 73 to 74 million bushels. The Food Research Institute's standing estimate is 825 million bushels.

The remainder of Mr. Campbell's 'lecture' under the heading of "Outguessing the World" may be summed up as a glowing eulogy of Mr. Broomhall and as a tirade of abuse heaped upon Mr. McIvor, because the latter stated in a preliminary report, November, 1929, on the world's wheat situation that the Pool anticipated that the world would import 770 million bushels of wheat in 1929-30. Net imports were 943 in 1925-1929 and 763 million bushels the average for 1923-27.

We have no hesitation in repeating that in our opinion Mr. Broomhall has an importer's bias, or, in other words, that he is an outspoken enemy of the co-operative movement. If anybody doubts this statement let them look through recent issues of Broomhall's two publications—The Corn Trade News and Mining. To cite only one example as typical of the innumerable unfair and misleading attacks which he has made upon the Pool we quote from Mr. Broomhall's weekly review of the Grain Trade as "The Corn Trade News," of December 17, 1930:

"What more ghastly example of the result of failure of stabilization schemes can there be than the case of the Canadian Wheat Pool, which is now acquiring farmers' lost wheat at 10 cents per bushel at Port William."

A few days ago two pamphlets entitled "The Wheat Problem"

Parts I and II came to our attention. Both pamphlets are published and distributed by the editor of the Corn Trade News (Mr. Broomhall). The pamphlets contain little but anti-Pool propaganda including the speech of Mr. W. Sanford Evans before the Manitoba Legislature in March 1930, the text of the latter's unfair attack upon the Pool by the Hon. Frank Oliver, and recent anti-Pool utterances of Mr. Charles V. Sale, who until recently was governor of The Hudson's Bay Company.

With regard to the fantastic charge that the Pool has been engaging in gambling on a gigantic scale we point out that since the Pool's inception over seven years ago it has received over 1,170,000,000 bushels of wheat and during its entire existence it has purchased wheat on only four occasions—every one of which was an emergency—and its total purchases have been considerably less than 20 million bushels, the bulk of which was sold very shortly after it was bought.

As to Mr. Campbell's wrath regarding the Pool's preliminary estimate of import requirements in 1929-30 of 770 million bushels we frankly admit that it was much too high. The United States Department of Agriculture's estimate of the 1929-30 import requirements follow: September 810, October 754, November, 742, December 794, January 744 million bushels. The Food Research Institute in September, 1929, estimated the 1929-30 import requirements at 800 million bushels. Mr. Broomhall's

preliminary estimate of importers requirements was 131 million bushels higher than his recorded shipments. We could quote other estimates by prominent authorities, including trade estimates much higher than the Pool's estimate, but we have cited enough to show that the leading authorities were, like the Pool, all misled because they could not foresee

(1) That Europe's wheat and coarse grain crops were officially much underestimated.

(2) The tremendous and sudden tariff increases

(3) The drastic milling restrictions such as France's decree that mills had to grind 97 per cent native wheat.

(4) No reliable data were available on European stocks and everyone grossly underestimated these stocks.

(5) That a considerable part of the very heavy imports of 1928-29 were not consumed until 1929-30.

(6) The sharp decline in all commodity prices, the stock market crash and the beginning of the severe world-wide economic depression.

We regret we cannot give Mr. Campell's exact estimates of importers requirements for 1929-30 but we have good reasons for believing that they were very much too high. We also wish to remind you that one of Mr. Campell's Canadian clients, published in October, 1929 extremely "bullish" information respecting the inability of supplies to meet the prospective large requirements. It is also interesting to note that in the middle of December, 1929 the Central Selling Agency had a cable from another one of Mr. Campell's chief clients, a London grain trader, that they considered the minimum 1929-30 import requirements would be 760 million bushels or only 10 million bushels less than the Pool's November estimate.



The Magnitude of the Failure to Date

Under the above heading the trade propagandist delivers his last "lecture" which is simply a rehash of what he said previously, excepting that here he credits the Pool with full responsibility with the present low prices of grain, makes an attempt to draw an analogy between conditions in Russia and those brought about by the Pool in Western Canada, and winds up by saying, "Let not this dead dog (the Pool) trouble my Lord, the King." These final wails of Mr. Campell, the "well-known economist and statistician" are, of course so palpably absurd that a reply is unnecessary. The trade's pamphlet ends with a quotation from Ex-president Coolidge. We commend to their attention the following words from the same distinguished citizen of the United States

"The world is hungry to consume all that the farmer ever raises. His difficulty arises from attempting to sell at the wrong time or the wrong place. The most successful method of meeting this difficulty has been through co-operative associations."

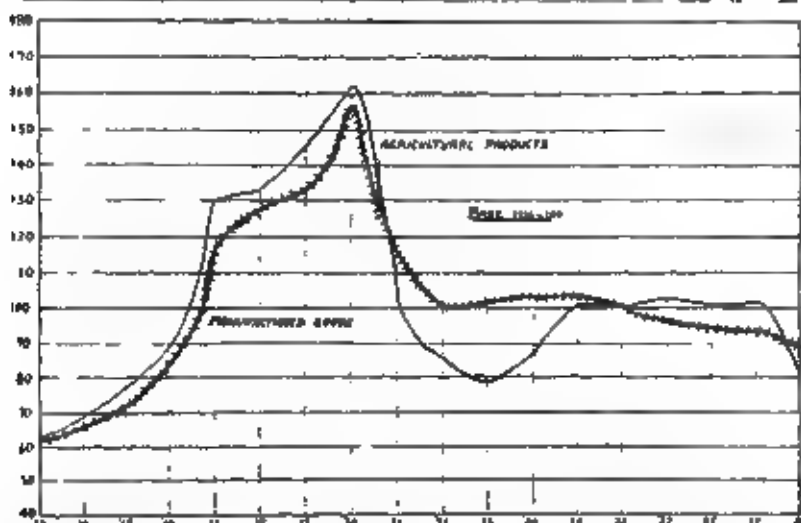


CHART No. 1.—INDEX OF MANUFACTURED AND AGRICULTURAL PRODUCTS

The above Chart shows the trend of prices of agricultural and manufactured products in Canada from 1913 to 1930. The Chart shows that the farmers of Western Canada did not make "very considerable profits" during the war as indicated by Mr. Campbell for the simple reason that prices of commodities which the farmer had to buy, were at an equally high level. The difficult position of the farmer from 1921 to 1924 and in 1930, is indicated by the decline of agricultural prices in those years.

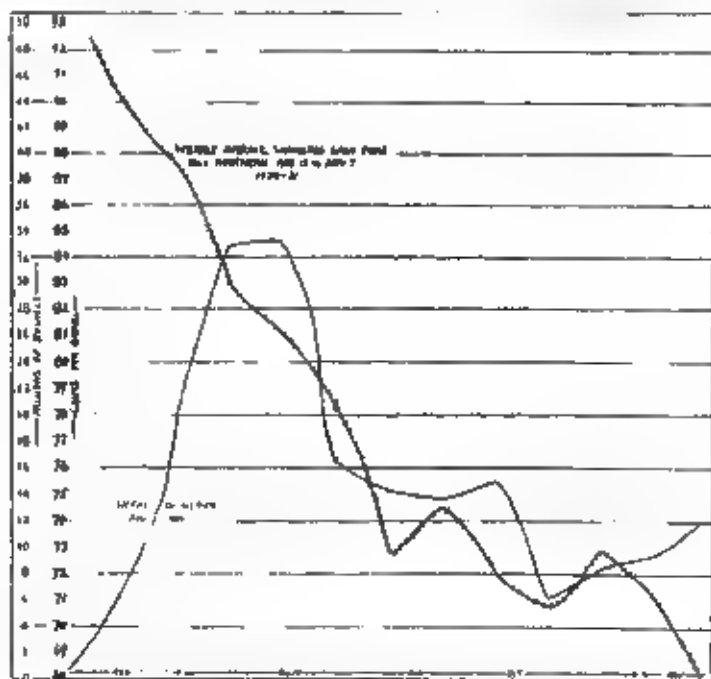


CHART No. 2.—HEAVY DELIVERIES AND PRICES

The above Chart shows the rapid delivery of the 1913-14 crop during the last ten days in August and the month of September. The Chart also shows the tremendous drop in prices accompanying the fall movement of wheat from the farms to the elevator.

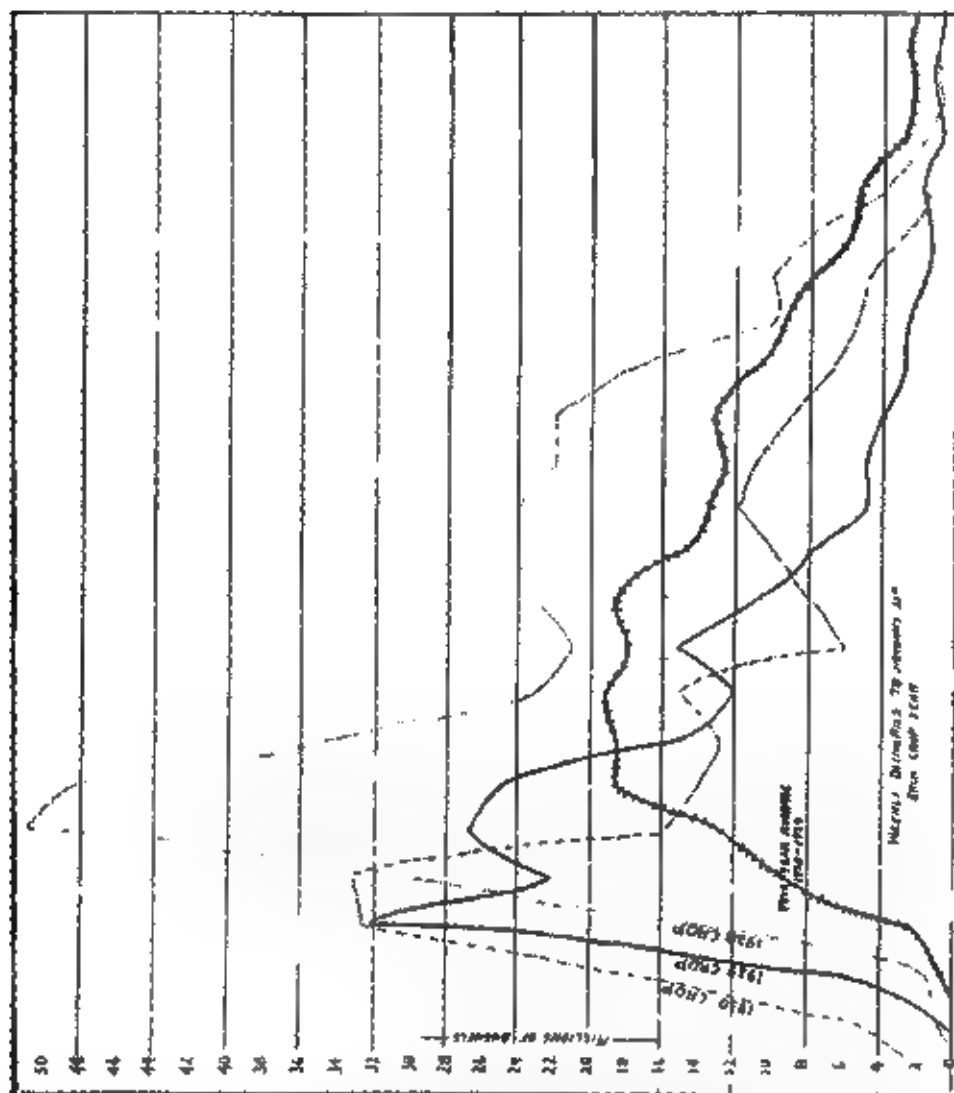


CHART No. 2.—SPEEDING UP DELIVERIES

The above Chart shows how deliveries of wheat from the farm to the elevator have been speeded up during the past three years, as a result of the use of power machinery, the combine and the truck. It will be noted that in the last three years deliveries have reached their peak immediately after harvest, whereas before that time deliveries were steady throughout the four fall months. Charts Nos. 3 and 4 relate the rapid delivery of the wheat crop in Western Canada to the prices registered in the Winnipeg market.

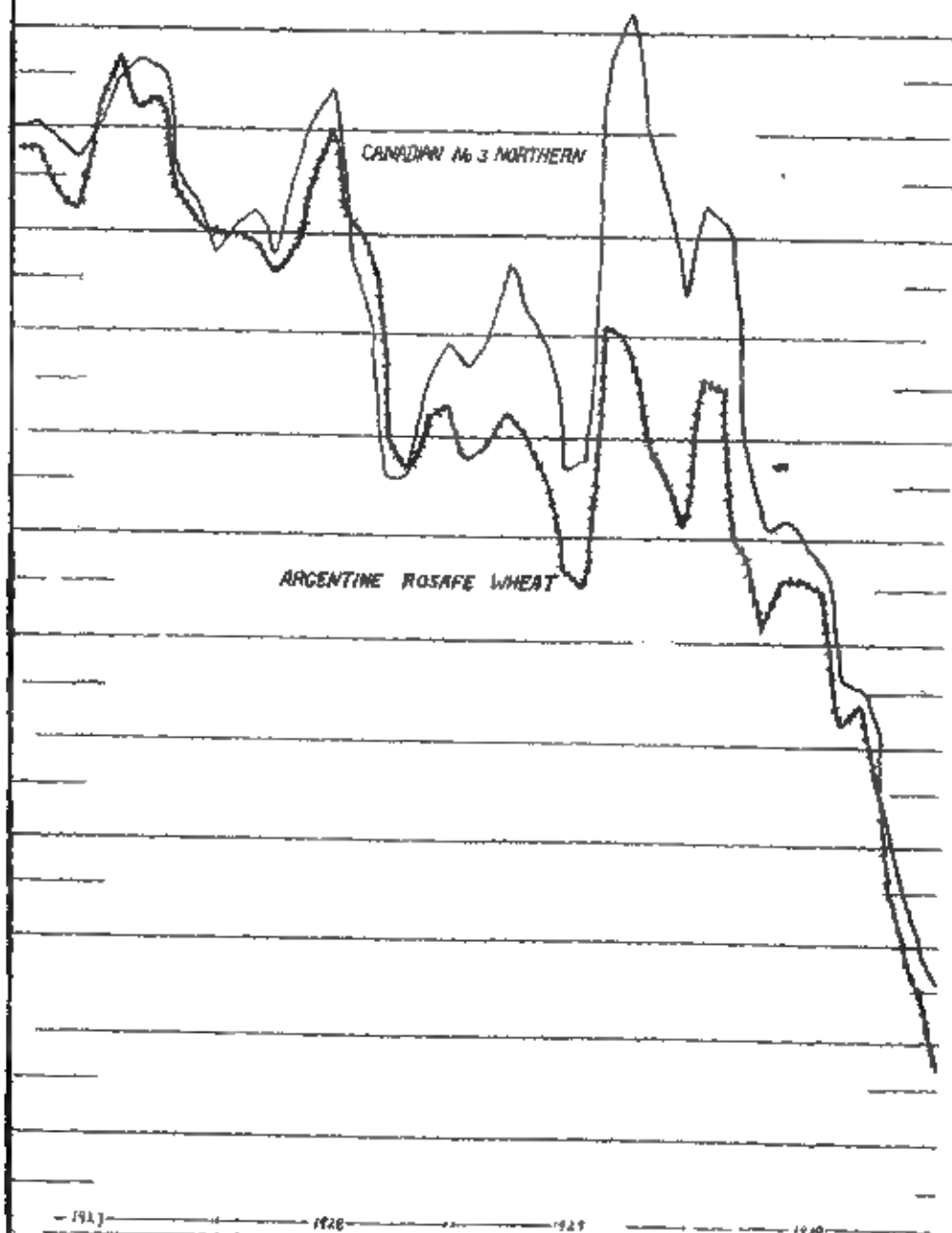


CHART No. 5.—LIVERPOOL PRICES FOR ARGENTINE AND CANADIAN WHEAT 1917-30

The above Chart shows the Liverpool price for Argentine Rosafé Wheat and Canadian No 3 Northern from 1917 to 1930

Appendix

JUST FRIENDLY CRITICISM

The *Montreal Free Press* on November 20th 1910 devoted an editorial to Mr. Campbell entitled "Just Friendly Criticism" which we quote in full—

"'Canada and Her Wheat Pool' the lecture delivered by Rodney S. Campbell M. Sc. Esq. at the City of London College on October 22 has now been published in pamphlet form, digested by the heading 'Grain Marketing Notes Series I No. 1.' It is published under the auspices of the Grain Trade Association with a preface dated October 30 which indicates that Mr. Campbell's lecture made last time between London and Winnipeg, so last indeed that one wonders if Mr. Campbell's lecture did not make its real start from Winnipeg going thence to London with arrangements for simultaneous release.

Mr. Campbell begins his lecture with the statement that he wants to give the Pool sympathetic consideration. He then devotes half a hundred closely printed pages to an attack that would make a meeting between Christian martyrs and the Kormans look like a Sunday School picnic. He suggests that western farmers are at the mercy of foreign speculators and that Pool leaders have been guilty of rant. With the helplessness of the classroom he delivers himself of such sentences as this: 'When we come to consider what on earth possessed the Canadians to take up the attitude they did etc.' He talks of 'empty farming' and 'homotizing to the omnipotent Pool' which last we hasten to add, is sarcasm of what is known as the heavy type. Napoleons and Turkeys are tossed into the ring for purposes of comparison but Jack the Ripper and Guy the Head are omitted presumably because this is a sympathetic description of Pool activities.

Reading on through this pamphlet we find suddenly upon page 50 that George Melvor and A. J. McPhail are referred to as George Melvor Esq. and A. J. McPhail Esq. This excess of courtesy remains unexplained until we discover that Mr. Campbell objects violently to Pool friends referring to Broomhall as Broomhall is a well known wheat statistical authority. His name in the trade is the name of an institution as well known as Mc Gill University but Mr. Campbell takes a heavy whip at Mr. Melvor for not referring to Mr. Broomhall. The touch of courtesy weighs on him so much that one wonders if Mr. Campbell should not be referred to as Mrs. Campbell. There is something feminine in his strict adherence to moral convention. However since it has offended Mr. Campbell Mr. Melvor might suggest to Mr. Campbell that hereafter he will always refer to Mr. Broomhall if Mr. Campbell in return will always refer to Mr. McPhail University.

In the statement quoted Mr. Melvor expresses his belief that Broomhall has underestimated world wheat requirements. Mr.

Gampell thereupon calls Mr. Melvor a liar, which shows a degree of sympathy with the Pool that is usually associated with acute indigestion. Mr Gampell then accuses Mr Melvor of not being as old as Mr Broomhall. Birth certificates should be produced to settle the dispute.

These are the trimmings of Mr Gampell's lecture, and they will do much to defeat its purpose, which is to show that the Pool experiment has been a failure in Western Canada. It is propaganda, and apart from the childish animus that disfigures it, it is a powerful argument that needs an answer, if an answer can be found. It is first of all an attack upon Pool aims, and the quotations from Pool leaders' speeches and from their written statements are well chosen to show that the Wheat Pool was doing its best to hold up the consumer. So far as it succeeded, so far also it was a factor in increasing wheat acreage all over the world, with results now apparent. It was playing the game hard as it saw it, but others played it too. In the second place it is an indictment of Pool management and efficiency, and here, too, there is cause for careful reading.

"From the point of view of those who would be glad to see the Pool destroyed, however, it is a pity that the pamphlet is disfigured as much as it is. The booklet is intended for western consumption, and western farmers, with a long tradition of bitterness in their wheat marketing experiences, will hardly read Mr Gampell's lecture with patience when they find him using a Bible text to drive his point home. The text is, 'Let not this dead dog trouble my Lord, the King.' Mr Gampell was angry, apparently, but sweet reasonableness carries more conviction than abuse. It seems a pity that the City of London College should have loaned its auspices to such a 'sympathetic consideration' of an important question."

TRY A BLUE PENCIL.

On November 20th 1930, the *Grain Trade News* made a vain attempt to reply to the *Manitoba Free Press* which attempt brought forth the following rejoinder in the *Free Press* of December 2nd, 1930, entitled "Try a Blue Pencil," which editorial we quote in full.

"That dispassionate organ of public opinion *The Grain Trade News*, which is responsible for the publication of that dispassionate lecture 'Canada and Her Wheat Pool' by Sydney S. Gampell, under the title 'Grain Marketing Studies, series 1, No. 1,' has become distressed with the *Free Press*. Its dispassionate attempt to provide dispassionate information about the Wheat Pool has been treated, it considers, with unwarranted ridicule. It believes that the *Free Press* should know better.

"What the *Free Press* said about Mr Gampell's lecture, as published, was that it contained an able criticism of the Wheat Pool and its policy, a criticism which merited most careful study. But the *Free Press* also said it was a pity that the pamphlet should be

so marred by venom as to lose all value. Page after page is disfigured by the poisonous nature of the comment. The *Free Press* permitted itself a smile over the fact that the pamphlet posed as a 'sympathetic' consideration of Wheat Pool activities.

"The lecture was delivered in London on October 22. It was published here on October 30th. The *Grain Trade News* declares that prior arrangements had been made whereby it had secured publication privileges of Mr. Gampell's lectures. This specimen had been sent to Winnipeg to be released after its delivery in London. No the statement runs. We repeat it for what it is worth.

"It might be worth while to suggest to the *Grain Trade News*, when future numbers of their 'Grain Marketing Studies Series I' are being prepared for publication, that they be presented to the Canadian public stripped of the animus which has ruined 'No. 1' as an engine of propaganda.

NEED FOR CONCENTRATED SELLING

C. W. Peterson of Calgary, Alberta, president and editor of *Farm and Ranch Review*, one of Western Canada's leading farm periodicals, writing in the issue of February 2, 1931, says -

"Mr. Sidney B. Gampell's series of lectures on the Canadian Pools in the City of London College, has now been issued in pamphlet form by the *Grain Trade News* of Winnipeg, and has been widely circulated by an anonymous philanthropist, evidently deeply interested in the welfare of the Winnipeg Grain Exchange. From beginning to end it is a virulent attack on the Pools, supported by much detail. Billed down to essentials, it accuses the Pools of aiming to exercise a substantial degree of control over world wheat prices and a general lack of judgment in its selling policy, notably in permitting the Argentine to monopolize the market at the high prices in 1929.

"It was to be expected that a most determined onslaught would be made on the Wheat Pools by the independent grain trade, and unfortunately, the present situation of agricultural distress, principally due to a demoralized wheat market, lends itself admirably to successful propaganda having in view the destruction of the Pool organization. It is a notorious fact, however, that the purchasing of breadstuffs in Europe is gradually getting into fewer hands, principally through trustification in the milling industry. In Great Britain, for example, three concerns now control two-thirds of the entire milling capacity. Governments are also, through tariffs and various restrictive regulations, exercising an increasingly greater control over wheat and flour transactions. The only effective answer to such a state of affairs is apparently concentrated selling, and the Pool offers undoubtedly the most efficient organization for that purpose yet conceived. On the general principle of Pool marketing no observant person can argue that it is undesirable or contrary to public interest, or even contrary to the ultimate best interest of the overseas consumer."



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